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Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
---------- 002380
R 041030Z DEC 76
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TO SECSTATE WASHDC 456
INFO AMEMBASSY ALGIERS
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C O N F I D E N T I A L RABAT 6511

EXDIS

STADIS

E.O. 11652: GDS
TAGS: MOPS PFOR AG SS MO
SUBJECT: INR ASSESSMENT OF WESTERN SAHARA

REF: ALGIERS 2814

1. RE PARA 2 REFTEL, IT IS OVERSIMPLICATION TO SAY THAT IMMOBILIZATION OF BOU CRAA TRANSPORTER BELT DENIEV MOROCCANS ONE OF PRINCIPAL ECONOMIC BENEFITS OF SAHARA TAKEOVER. ACCORDING TO OUR UNDERSTANDING, UNTIL MID-SECOND QUARTER 1976 NON-OPERATION OF BELT HAD NO EFFECT ON ROCK EXPORTS BECAUSE SHIPMENTS CONTINUED FROM DOCKSIDE STOCKS AT EL-AYOUN PORT (SEE RABAT A-118). SINCE THEN, PRODUCTION HAS CONTINUED AT REDUCED LEVELS FOR STOCKPILE NEAR MINE AWAITING ESTABLISHMENT OF ADEQUATE SECURITY TO RESTORE TRANSPORTER OPERATIONS. TRUCK TRANSPORTATION TRIED IN SEPTEMBER/ OCTOBER WAS, ACCORDING TO OCP FINANCE DIRECTOR, UNSATISFACTORY--IMPLICATION BEING SECURITY WAS STILL UNCERTAIN. PRODUCTION DIRECTOR HAS TOLD US SEPARATELY THAT SUBSTITUTION WAS TAKING PLACE OUT OF STOCKPILE FROM KHOURIBGA, MADE POSSIBLE BY REDUCTION IN OVERALL OCP SALES. FINDIR ACKNOWLEDTED THIS, BUT
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INSISTED SUBSTITUTION WAS MINIMAL BECAUSE SPANISH HAD

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THEMSELVES STOCKPILED HEAVILY IN SPAIN FROM BOU CRAA IN ANTICIPATION OF TURNING OPERATION OVER TO MOROCCANS.

2. GIVEN CURRENT REDUCED WORLD DEMAND FOR PHOSPHATE, WE THUS DOUBT VERY MUCH THAT NON-OPERATION OF BOU CRAA TRANSPORTER HAS IN ITSELF POSED ECONOMIC PROBLEMS FOR GOM. INDEED, IN ONE SENSE--WITH CURRENT MARKET WEAKNESS--IT MAY HAVE MADE IT EASIER FOR OCP TO CONTROL ITS MARKETING OPERATIONS WITHOUT HAVING TO COMPETE WITH ITSELF THROUGH SAHARA PRODUCTION, UNDER SPANISH CO-DIRECTORSHIP.

3. THE GOM WILL OF COURSE BE PLEASED WHEN SECURITY SITUATION PERMITS OPERATION TO BE RESTORED FOR POLITICAL AND PSYCHOLOGICAL REASONS--PARTICULARLY AS PRICES FIRMUP, PERMITTING BOU CRAA AS PRESENTLY EQUIPPED TO ADD 12 TO 16 PER CENT TO OUTPUT FROM NORTHERN MINES. IT WILL ALSO THEN BE POSSIBLE TO SERVICE DEBT PAYMENTS TO SPANISH FROM THE 65 PER CENT MOROCCO SHARE FROM BOU CRAA PRODUCTION, RATHER THAN FROM OTHER OCP REVENUES AND FOREIGN MEDIUM-TERM BORROWING.

4. OCP OFFICIALS ARE CURRENTLY TALKING OF BOU CRAA'S GOING INTO FULL PRODUCTION AGAIN IN NEAR FUTURE, WITH 1200 WORKERS (ALL BUT 170 NOW AWAY). SPANISH EMPLOYEES, THEY SAY, HAVE BEEN UNDERTAKING TRAINING IN MOROCCAN TECHNIQUES AT KHOURIBGA. THESE SOURCES ALSO MENTION RENEWED PLANS TO TRUCK PHOSPHATES FROM BOU CRAA TO EL-AYOUN PORT PENDING REPAIR OF THE CONVEYER BELT. SHOULD TRUCKING IN FACT BE RESUMED, THIS WOULD BE A SIGN OF IMPROVED SECURITY OF THE ROAD SINCE THE LAST MOROCCAN TRUCKING EFFORT IN SEPTEMBER/OCTOBER.
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